

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2013-01-14** | Period of Report: **2012-11-30**
SEC Accession No. [0001161697-13-000045](#)

([HTML Version](#) on [secdatabase.com](#))

FILER

REPRO MED SYSTEMS INC

CIK: [704440](#) | IRS No.: **133044880** | State of Incorp.: **NY** | Fiscal Year End: **0228**
Type: **10-Q** | Act: **34** | File No.: **000-12305** | Film No.: **13528125**
SIC: **3841** Surgical & medical instruments & apparatus

Mailing Address
24 CARPENTER RD
CHESTER NY 10918

Business Address
24 CARPENTER RD
CHESTER NY 10918
9143438499

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number: 0-12305

REPRO-MED SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of incorporation or organization)

13-3044880

(I.R.S. Employer Identification No.)

24 Carpenter Road, Chester New York
(Address of principal executive offices)

10918
(Zip Code)

(845) 469-2042

(Registrant's telephone number, including area code)

n/a

(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of January 14, 2013, 36,661,667 shares of common stock, \$.01 par value per share, were outstanding.

REPRO-MED SYSTEMS, INC.
TABLE OF CONTENTS

PAGE

PART I - FINANCIAL INFORMATION

ITEM 1.	Financial Statements	
	Balance Sheets - November 30, 2012 (Unaudited) and February 29, 2012	3
	Statements of Operations (Unaudited) - for the Three Months and Nine Months Ended November 30, 2012 and 2011	4
	Statements of Cash Flows (Unaudited) - for the Nine Months Ended November 30, 2012 and 2011	5
	Notes to Financial Statements	6
ITEM 2.	Management' s Discussion and Analysis of Financial Condition and Results of Operations	7-11
ITEM 3.	Quantitative and Qualitative Disclosures About Market Risk	11
ITEM 4.	Controls and Procedures	11

PART II - OTHER INFORMATION

ITEM 1.	Legal Proceedings	12
ITEM 1A.	Risk Factors	12
ITEM 2.	Unregistered Sales of Equity Securities and Use of Proceeds	12
ITEM 3.	Defaults Upon Senior Securities	12
ITEM 4.	Mine Safety Disclosures	12
ITEM 5.	Other Information	12
ITEM 6.	Exhibits	12

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

**REPRO-MED SYSTEMS, INC.
BALANCE SHEETS**

	<u>November 30,</u> <u>2012</u>	<u>February 29,</u> <u>2012</u>
	Unaudited	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,682,341	\$ 1,757,223
Certificates of deposit	255,624	255,228
Accounts receivable less allowance for doubtful accounts of \$23,706 and \$17,718 for November 30, 2012 and February 29, 2012 respectively	1,187,961	884,727
Inventory	1,170,220	1,167,456
Prepaid expenses	115,046	188,902
Total Current Assets	<u>4,411,192</u>	<u>4,253,536</u>
PROPERTY & EQUIPMENT, net	<u>912,162</u>	<u>498,940</u>
OTHER ASSETS:		
Patents, net of accumulated amortization of \$110,956 and \$107,640 at November 30, 2012 and February 29, 2012, respectively	22,197	24,513
Other assets	55,969	28,156
Total Other Assets	<u>78,166</u>	<u>52,669</u>
TOTAL ASSETS	<u>\$ 5,401,520</u>	<u>\$ 4,805,145</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Note payable - current portion	\$ 2,008	\$ 2,077
Note payable to related parties - current portion	43,318	41,417
Deferred capital gain - current portion	22,481	22,481
Accounts payable	203,458	199,527
Accrued expenses	155,331	153,800
Accrued payroll and related taxes	32,883	41,551
Accrued tax liability	210,256	98,000
Total Current Liabilities	<u>669,735</u>	<u>558,853</u>
OTHER LIABILITIES:		
Note payable - less current portion	-	1,474
Note payable to related parties - less current portion	405,102	437,832
Deferred capital gain less current portion	118,035	134,895
Deferred tax liability	121,363	121,363
Total Other Liabilities	<u>644,500</u>	<u>695,564</u>
TOTAL LIABILITIES	<u>1,314,235</u>	<u>1,254,417</u>
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value, 50,000,000 shares authorized and 38,936,667 and 37,471,667 shares issued,; 36,661,667 and 35,196,667 shares outstanding at November 30, 2012 and February 29, 2012, respectively.	389,367	374,717
Additional paid-in capital	3,512,294	3,263,244
Retained earnings	551,274	54,767
	<u>4,452,935</u>	<u>3,692,728</u>
Less: Treasury stock, 2,275,000 shares at cost at November 30, 2012 and February 29, 2012	(142,000)	(142,000)
Less: Deferred compensation cost	(223,650)	-
Total Stockholders' Equity	<u>4,087,285</u>	<u>3,550,728</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 5,401,520</u>	<u>\$ 4,805,145</u>

The accompanying notes are an integral part of these Financial Statements

REPRO-MED SYSTEMS, INC.
STATEMENTS OF OPERATIONS (UNAUDITED)

	For the Three Months Ended November 30		For the Nine Months Ended November 30	
	2012	2011	2012	2011
NET SALES	\$ 2,070,409	\$ 1,501,282	\$ 5,766,182	\$ 4,357,469
Cost and Expenses				
Cost of goods sold	782,900	589,390	2,086,497	1,622,639
Selling, general and administrative	1,112,727	631,976	2,657,929	1,875,092
Research and development	36,062	26,606	111,452	49,302
Depreciation and amortization	51,329	27,113	134,799	73,391
Total Costs and Expenses	<u>1,983,018</u>	<u>1,275,085</u>	<u>4,990,677</u>	<u>3,620,424</u>
Net Operating Profit	87,391	226,197	775,505	737,045
Other Income/(Expenses)				
Gain (Loss) Currency Exchange	1,465	1,238	(5,120)	12,504
Interest Expense	(7,105)	(8,200)	(21,491)	(24,099)
Interest and Other Income	2,730	90,181	5,662	120,523
Total Other Income/(Expense)	<u>(2,910)</u>	<u>83,219</u>	<u>(20,949)</u>	<u>108,928</u>
NET PROFIT BEFORE TAXES	84,481	309,416	754,556	845,973
Provision for Income Taxes	<u>(28,957)</u>	<u>(127,169)</u>	<u>(258,049)</u>	<u>(347,694)</u>
Net Income	<u>\$ 55,524</u>	<u>\$ 182,247</u>	<u>\$ 496,507</u>	<u>\$ 498,279</u>
NET INCOME PER SHARE				
Basic	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Diluted	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	<u>36,611,667</u>	<u>38,602,667</u>	<u>35,798,649</u>	<u>37,343,845</u>
Diluted	<u>36,661,667</u>	<u>38,698,821</u>	<u>35,831,717</u>	<u>38,446,984</u>

The accompanying notes are an integral part of these Financial Statements

REPRO-MED SYSTEMS, INC.
STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Nine Months Ended	
	November 30, 2012	November 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 496,507	\$ 498,279
Adjustments to reconcile net income to net cash from operating activities:		
Amortization of deferred compensation cost	40,050	-
Depreciation and amortization	134,799	73,391
Deferred capital gain - building lease	(16,860)	(16,860)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(303,234)	(164,257)
Increase in inventory	(2,764)	(393,726)
Decrease (Increase) in prepaid expense	73,856	(29,811)
Increase in other assets	(27,813)	-
Decrease in deferred tax asset	-	80,799
Increase in accounts payable	3,931	151,638
(Decrease) Increase in accrued payroll and related taxes	(8,668)	397
Increase in accrued expense	1,531	58,464
Increase in accrued tax liability	112,256	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	503,591	258,314
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(544,705)	(203,407)
Payments for patents	(1,000)	-
Purchase of certificates of deposit	(396)	(101,533)
NET CASH USED IN INVESTING ACTIVITIES	(546,101)	(304,940)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuing common stock	-	121,500
Payments to note payable to related parties	(30,829)	(29,038)
Payments on note payable	(1,543)	(1,433)
Excess tax benefits from share-based payment arrangements	-	198,951
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(32,372)	289,980
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(74,882)	243,354
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,757,223	1,322,250
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,682,341	\$ 1,565,604
Supplemental Information		
Cash paid during the periods for:		
Interest	\$ 21,491	\$ 24,099
Taxes	\$ 145,793	\$ 67,944
Non Cash Activities		
Deferred compensation cost	\$ 263,700	\$ -

The accompanying notes are an integral part of these Financial Statements

REPRO-MED SYSTEMS, INC.
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE NATURE OF OPERATIONS

Repro-Med Systems, Inc. (the "Company") designs, manufactures, and markets proprietary medical devices primarily for the ambulatory infusion market and emergency medical applications. The FDA regulates these products.

BASIS OF PRESENTATION

The accompanying unaudited financial statements as of November 30, 2012 have been prepared in accordance with generally accepted accounting principles in accordance with instructions to regulation S-X. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial presentation.

In the opinion of the Company's management, the financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the Company's financial position as of November 30, 2012 and the results of operations and cash flow for the three-month and nine month periods ended November 30, 2012 and 2011.

The results of operations for the three months and nine months ended November 30, 2012 and 2011 are not necessarily indicative of the results to be expected for the full year. These interim financial statements should be read in conjunction with the financial statements and notes thereto of the Company and management's discussion and analysis of financial condition and results of operations included in the Company's Annual Report for the year ended February 29, 2012, as filed with the Securities and Exchange Commission on Form 10-K.

EMPLOYEE STOCK AWARDS

In July 2012, 1,465,000 shares were authorized to issue to employees as share compensation valued at \$0.18 per share, the market value on the date of the board authorization. The value of these shares will be amortized into operations over the one to two year restriction on the shares. Amortization amounted to \$40,050 for the three-months ended November 30, 2012.

INVENTORIES

Our inventory includes \$292,000 of certain subassemblies which did not meet our specifications and were rejected by us and returned to the vendor for correction or replacement.

USE OF ESTIMATES IN THE FINANCIAL STATEMENTS

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Important estimates include but are not limited to, asset lives, valuation allowances, inventory, and accruals.

SUBSEQUENT EVENTS EVALUATION

The Company has evaluated subsequent events through January 14, 2013, the date on which the financial statements were issued.

EMERGING ACCOUNTING STANDARDS

Management does not believe that any of the standards adopted by the Financial Accounting Standards Board that have been adopted but are not yet effective will have a material effect on the Company's financial reporting.

LEASED AIRCRAFT

The Company leases an aircraft from a Company controlled by the president. The lease payments aggregated were \$5,375 for the three-months ended November 30, 2012 and 2011 and \$16,125 for the nine months ended November 30, 2012 and November 30, 2011. The original lease agreement has expired and the Company is currently on a month-to-month basis for rental payments.

PART I - ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Quarterly Report on Form 10-Q contains certain "forward-looking" statements (as such, term is defined in the Private Securities Litigation Reform Act of 1995) and information relating to us that are based on the beliefs of the management, as well as assumptions made and information currently available. Our actual results may vary materially from the forward-looking statements made in this report due to important factors such as uncertainties associated with future operating results, unpredictability related to Food and Drug Administration regulations, introduction of competitive products, limited liquidity, reimbursement related risks, government regulation of the home health care industry, success of the research and development effort, market acceptance of FREEDOM60®, availability of sufficient capital to continue operations and dependence on key personnel. When used in this report, the words "estimate," "project," "believe," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect current views with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. These statements involve risks and uncertainties with respect to the ability to raise capital to develop and market new products, acceptance in the marketplace of new and existing products, ability to penetrate new markets, our success in enforcing and obtaining patents, obtaining required Government approvals and attracting and maintaining key personnel that could cause the actual results to differ materially. Repto-Med does not undertake any obligation to release publicly any revision to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

THREE MONTHS ENDED NOVEMBER 30, 2012 VS. NOVEMBER 30, 2011

Net sales increased 37.9% overall from \$1,501,282 in the quarter ended November 30, 2011 to \$2,070,409 in the quarter ended November 30, 2012. This was due in part to a substantial increase in sales of RMS HIGH-Flo™ Subcutaneous Safety Needle Sets, quarter over quarter. Available in Europe since late February, 2011, the new RMS HIGH-Flo™ Subcutaneous Safety Needle Sets were formally introduced to the US market in September, 2011, through an advertising campaign that included trade shows, mailings, and a direct sales campaign. The company's sales of its FREEDOM60® and RMS HIGH-Flo™ needle set product lines improved in both domestic and international markets.

Selling, General and Administrative costs increased 76.1% from \$631,976 in 2011 to \$1,112,727 in 2012. This increase is attributable to a one-time bonus paid to key personnel, the hiring of a professional purchasing manager, and a significant expansion of sales and marketing, as compared to 2011. We hired a Director of Sales & Marketing, and a Director of National Accounts to expand and solidify relationships with nationwide providers. We expanded our advertising and attended additional trade shows to reach new markets.

Net Operating Profit was \$87,391 for the quarter ended November 30, 2012 as compared with \$226,197 during the same period last year. The increase in net sales coupled with an improvement in the gross profit margin was offset by increased selling, general and administrative costs compared with 2011. In 2011, we also performed services for a third-party manufacturer that did not recur in 2012. Accordingly, net income decreased 69.5% from \$182,247 for the quarter ended November 30, 2011 to \$55,524 for the quarter ended November 30, 2012.

Cost of goods sold increased \$193,510 or 32.8%, from \$589,390 to \$782,900 due to an increase in sales, an expanded production payroll to meet increased demand, and the addition of a cost differential for a night shift with related benefits. The gross profit margin increased this quarter to 62.2% compared to 60.7% from the same period in 2011.

Interest expense decreased by 13.4% to \$7,105 in 2012 from \$8,200 for the comparative quarter in 2011 as a result of lower interest payments on long-term debt.

Research and Development expenses increased \$9,456 or 35.5% from \$26,606 in 2011 to \$36,062 primarily due to R & D expenses incurred on new product development associated with the RMS HIGH-Flo™ Subcutaneous Safety Needle Sets, and research on manufacturing improvements and other new products.

Depreciation and amortization expenses increased by \$24,216 from \$27,113 in 2011 to \$51,329 in 2012 due to increased investment in capital equipment and ERP software.

NINE MONTHS ENDED NOVEMBER 30, 2012 VS. NOVEMBER 30, 2011

Net sales increased 32.3% overall from \$4,357,469 for the nine month period ended November 30, 2011 to \$5,766,182 for the nine month period ended November 30, 2012. This was due in part to a substantial increase in sales of RMS HIgH-Flo™ Subcutaneous Safety Needle Sets, period over period. Available in Europe since late February, 2011, the new RMS HIgH-Flo™ Subcutaneous Safety Needle Sets were formally introduced to the US market in September 2011, through an advertising campaign that included trade shows, mailings, and a direct sales campaign. The company's sales of its FREEDOM60® and RMS HIgH-Flo™ needle set product lines improved in both domestic and international markets.

Selling, General and Administrative costs increased 41.7% from \$1,875,092 in 2011 to \$2,657,929 in 2012. This increase is attributable to a one-time bonus paid to key personnel, the hiring of a professional purchasing manager, and a significant expansion of sales and marketing, as compared to 2011. We hired a Director of Sales & Marketing, and a Director of National Accounts to expand and solidify relationships with nationwide providers. We expanded our advertising and attended additional trade shows to reach new markets.

Net Operating Profit was \$775,505 for the nine months ended November 30, 2012 as compared with \$737,045 during the same period last year. This change is attributable to the increase in net sales coupled with an improvement in the gross profit margin, partially offset by an increase in sales, general and administrative costs. In 2011, we also performed services for a third-party manufacturer that did not recur in 2012. Accordingly, net income decreased .4% from \$498,279 to \$496,507.

Cost of goods sold increased \$463,858, or 28.6%, from \$1,622,639 to \$2,086,497 due to an increase in sales, an expanded production payroll, and the addition of a cost differential for a night shift with related benefits. The gross profit margin increased for the nine month period ended November 30, 2012 to 63.8% compared to 62.8% from the same period in 2011.

Interest expense decreased by 10.8% to \$21,491 in 2012 from \$24,099 for the comparative nine-month period in 2011 as a result of lower interest payments on long-term debt.

Research and Development expenses increased \$62,150 or 126.1% from \$49,302 in 2011 to \$111,452 primarily due to R & D expenses incurred on new product development associated with the RMS HIgH-Flo™ Subcutaneous Safety Needle Sets, and research on manufacturing improvements and other new products.

Depreciation and amortization expenses increased by \$61,408 from \$73,391 in 2011 to \$134,799 in 2012 due to increased investment in capital equipment and ERP software.

LIQUIDITY AND CAPITAL RESOURCES

Net Cash provided from Operations was \$503,591 for the nine months ended November 30, 2012 as compared with net cash provided by operations of \$258,314 for the previous nine months ended November 30, 2011. This change is primarily due to increased sales revenues offset in part by increased SG&A costs, increases in accounts receivable, and increased purchases of property and equipment.

In August, 2012 we acquired a residence adjacent to our facility for use as additional office and R&D space. We continue to invest in new equipment and facility improvements to accommodate our sales growth.

We continue to experience an increase in sales. With these increases and the capital we currently have at the end of this period, we will continue to meet or exceed the company's liquidity needs for the next twelve months.

BRANDING AND RECOGNITION

We continue to enhance marketing efforts with an expanded schedule of advertising for its product lines in appropriate industry publications on a monthly basis. The company also exhibited at several infusion and EMS trade shows in the first three quarters of the fiscal year.

FREEDOM60®

The FREEDOM60® Syringe Infusion Pump is designed for ambulatory medication infusions. For the home care patient, FREEDOM60® is an easy-to-use lightweight mechanical pump using a 60cc syringe, completely portable, cost effective and maintenance free, with no batteries to replace and no cumbersome IV pole. For the infusion professional, FREEDOM60® delivers accurate infusion rates and uniform flow profiles providing consistent transfer of medication.

The FREEDOM60® is popular in the treatment of Primary Immune Deficiency by injecting immune globulin (IgG) under the skin as a subcutaneous administration (SCIg). This method has provided patients with vastly improved quality of life with much fewer unpleasant side effects over the traditional intravenous route. The FREEDOM60® is an ideal system for this administration since the patient is able to self-administer at home. The pump is easily configured for this application, and the FREEDOM60® is the lowest cost infusion system available in a heavily cost constrained market. We have advertised to the IgG market that FREEDOM60® operates in “dynamic equilibrium,” that is, the pump finds and maintains a balance between what a patient’s subcutaneous tissues are able to manage and what the pump infuses. This balance is created by a safe, limited, and controlled pressure, which adjusts the flow rate automatically to the patient’s needs providing a reliable, faster, and more comfortable administration with fewer side effects for those patients.

We have expanded the use of the FREEDOM60® to cover antibiotics including the widely used and somewhat difficult to administer Vancomycin and beta lactams with longer infusion times. We have also found a following for FREEDOM60® for use in treating thalassemia with the drug Desferal®. In Europe, we found success in using the FREEDOM60® for pain control, specifically post-operative epidural pain administration. Our European market also uses the FREEDOM60® for chemotherapy as well as subcutaneous immune globulin.

RMS HIGH-FLO™ SUBCUTANEOUS SAFETY NEEDLE SET ADDITION TO FREEDOM60® PRODUCT LINE

We received approval from the U.S. Food and Drug Administration (FDA) on May 20, 2011, for domestic marketing of our new subcutaneous needle administration set. Previously available internationally, the needle set is branded the RMS High-Flo™ Subcutaneous Safety Needle Set.

The RMS High-Flo™ Subcutaneous Safety Needle Set was developed as an improvement in performance and safety over similar devices. Our design permits drug flows, which are the same, or faster than those achieved with larger gauge needles currently on the market. Offered in needle lengths of 4mm, 6mm, 9mm, 12mm and 14mm, the sets are available in combinations for single, double, triple, and quadruple infusions. Using a Low Residual “Y” Connector, needle sets can deliver to as many as eight infusion sites.

On June 5, 2012, we announced that the results of an Active Controlled Clinical Simulated Use Study confirmed that RMS High-Flo™ Subcutaneous Needle Sets are “safety sets.” The sets’ butterfly wing closures encase needles after use and help to protect against accidental needle stick injuries, an area of concern to the medical community. The sets were renamed to RMS High-Flo™ Subcutaneous Safety Needle Sets to reflect the safety feature.

THE MARKET FOR INFUSION PUMPS & DISPOSABLES

The ambulatory infusion market has been rapidly changing due to reimbursement issues. Insurance reimbursement has drastically reduced the market share of high-end electronic type delivery systems as well as high-cost disposable non-electric devices, providing an opportunity for the FREEDOM60®. We believe market pressures have moved providers to consider alternatives to expensive electronic systems especially for new subcutaneous administrations that usually cannot be done with gravity. Due to cost concerns, some patients have been trained to administer intravenous drugs through IV push where the drug is pushed into the vein directly from a syringe. This is a low-cost option but has been associated with complications and considered by many to be a high-risk procedure. Thus, the overall trend has been towards syringe pumps due to the low-cost of disposables.

IMPORTANCE OF INSURANCE REIMBURSEMENT TO FREEDOM60® SALES

In order to receive more favorable Medicare reimbursement for our FREEDOM60® Syringe Infusion System, we had submitted a formal request for a HCPCS coding verification with the Statistical Analysis Durable Medical Equipment Regional Carrier (SADMERC). It was the determination that the Medicare HCPCS code(s) to bill the four Durable Medical Regional Carriers (DMERCs) should be: “E0779 Ambulatory infusion pump, mechanical, reusable, for infusion 8 hours or greater.” The new code significantly increases the reimbursement for the FREEDOM60® for billable syringe pump application approved by Medicare. Current approved uses under Medicare include among others, subcutaneous immune globulin, antivirals, antifungals, and chemotherapeutics.

COMPETITION FOR THE FREEDOM60®

Competition for the FREEDOM60® for IgG consists mostly of electrically powered infusion devices that are more costly and can create high pressures during delivery that can cause complications for the administration of IgG. However, there can be no assurance that other companies with greater resources will not enter the market with competitive products that will have an adverse effect on our sales.

In expanded uses beyond SCIG, competition for FREEDOM60® would come from gravity bags and elastomeric pumps in addition to electric/electronic pumps.

There is the potential for new drugs to enter the market, such as using Hyaluronidase, which can facilitate absorption of IgG, making multiple site infusions unnecessary and changing the market conditions for devices such as the FREEDOM60®. We believe the principle behind the FREEDOM60® is ideal for all these new drug combinations, but there can be no assurance that these newer drugs will have the same needs and requirements as the current drugs being used.

There can be no assurance that Medicare will continue to provide reimbursement for the FREEDOM60® or they may allow reimbursement for other infusion pumps, accessories and disposables that are currently in the market or new ones that may enter shortly, which could adversely affect our sales into this market.

RES-Q-VAC® PORTABLE MEDICAL SUCTION

The RES-Q-VAC® Emergency Airway Suction System is a lightweight, portable, hand-operated suction device that removes fluids from a patient's airway by attaching the RES-Q-VAC® pump to various proprietary sterile and non-sterile single-use catheters sized for adult and pediatric suctioning. The one-hand operation makes it extremely effective and the product is generally found in emergency vehicles, hospitals and wherever portable aspiration is a necessity, including backup support for powered suction systems. The Full Stop Protection® filter (FSP) and disposable features of the RES-Q-VAC® reduce the risk of exposing health professional to HIV or SARS when suctioning a patient or during post treatment cleanup. All of the parts that connect to the pump are disposable.

A critical component and advantage of the RES-Q-VAC® system is our Full Stop Protection® filter, a patented filtering system that both prevents leakage and overflow of the aspirated fluids, even at full capacity, and traps virtually all air and fluid borne pathogens and potentially infectious materials within the sealable container. This protects users from potential exposure to disease and contamination. The Full Stop Protection® meets the requirement of the Occupational Safety and Health Administration 'Occupational Exposure to Bloodborne Pathogens' CFR29 1910.1030. The Company has received a letter from OSHA confirming that the RES-Q-VAC® with the Full Stop Protection® falls under the engineering controls of the Bloodborne Pathogen regulation and that the Product's use would fulfill the regulatory requirements.

Recent concerns are for diseases that are easily transmitted by small aerosolized droplets such as Asian Bird Flu, Swine Flu, and resistant tuberculosis. Other concerns are hepatitis and HIV, among others.

One advantage of our RES-Q-VAC® airway suction system is versatility. With the addition of Full Stop Protection®, we created specific custom RES-Q-VAC® kits for various vertical markets:

Emergency Medicine - we make several special kits for emergency use, which contain all the catheters necessary to treat adults as well as infants or children. These first responder kits are generally non-sterile. We also have special attachments available for the advanced paramedic to treat patients who are intubated.

Respiratory - in-home care, long-term care, situations requiring frequent suctioning such as cystic fibrosis patients, patients with swallowing disorders, elderly, patients on ventilators and with tracheostomies all benefit from the portability, cost and performance of the RES-Q-VAC®. In hospitals, the RES-Q-VAC® provides emergency backup due to power loss or breakdown of the wall suction system.

Hospital Use - for crash carts, the emergency room, patients in isolation, patient transport (e.g., from ICU to Radiology) and backup for respiratory, RES-Q-VAC® is available sterile with Full Stop Protection® for the ultimate in performance and to meet all the OSHA regulations and CDC guidelines for use in treating patients in isolation, and in any location. Hospitals are required under the EMTALA regulations to provide emergency treatment to patients anywhere in the primary facility and up to 250 yards away. The RES-Q-VAC® ensures full compliance with these regulations and helps minimize unfavorable outcomes and potential lawsuits. We provide special hospital kits, which are fully stocked to meet all hospital applications for both adult and pediatric.

Nursing Homes, Hospice, Sub-acute - we provide special configurations for dining areas and portable suctioning for outside events and travel. Chronic suction can be accommodated with RES-Q-VAC®, which can be left by the bedside for immediate use during critical times.

Dental Applications - we offer a version of the RES-Q-VAC®, called DENTAL-EVAC®, which addresses the needs of oral surgeons for emergency backup suction during a procedure. DENTAL-EVAC® is supplied with the dental suction attachments such as saliva ejector and high volume evacuator.

Military Applications - due to its lightweight, portability, and rapid deployment, we believe that the RES-Q-VAC® is ideal for any military situation. In addition, exposure to chemical weapons of mass destruction such as Sarin is best treated by rapid, aggressive, and repeated suctioning. We believe that the RES-Q-VAC®'s compact size, powerful pump, and full protection of the user from any contamination, gives us a competitive edge in this market.

We continue actively pursuing a direct sales effort into the hospital market and continue our effort into nursing homes working with direct sales and several regional distributors in the respiratory market. We also work with national regional distributors who are well represented in the hospital respiratory market.

As part of our sales efforts in the emergency medicine field, we exhibited at the EMS Today Show in Baltimore, March 5-9, 2012. This offered emergency medicine technicians, paramedics, firefighting and police professionals, and others the opportunity to test RES-Q-VAC® for themselves and helped to support the efforts of RES-Q-VAC distributors.

COMPETITION FOR THE RES-Q-VAC®

We believe that the RES-Q-VAC® is currently the performance leader for manual, portable suction instruments. In the emergency market, the primary competition is the V-Vac™ from Laerdal. The V-Vac™ is more difficult to use, cannot suction infants, and cannot be used while wearing heavy gloves such as in chemical warfare or in the extreme cold. Laerdal has more resources than Repro-Med Systems and had begun marketing the V-Vac™ before RES-Q-VAC® entered the market. Another competitor is Ambu, with the Res-Cue brand pump, a product similar to our design, made in China. We believe that the product is not as well made or as versatile, and may not be purchased by the military segment of the market due to lines of supply concerns. We believe that the addition of Full Stop Protection® substantially separates the RES-Q-VAC® from competitive units, which tend to leak fluid when becoming full or could pass airborne pathogens during use. There is a heightened concern from healthcare professionals concerning exposure to disease and we believe the RES-Q-VAC® provides improved protection for these users.

PART I - ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not Applicable.

PART I - ITEM 4. CONTROLS AND PROCEDURES.

The Company's management, including the Company's Principal Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures as such is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon their evaluations, the Principal Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the Securities and Exchange Commission (the "SEC") (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) is accumulated and communicated to the Company's management, including its Principal Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in the Company's internal control over financial reporting during the quarter ended November 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are, from time to time, subject to claims and suits arising in the ordinary course of business, including claims for damages for personal injuries and employment related claims.

ITEM 1A. RISK FACTORS.

Not required for smaller reporting companies.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

- [31.1](#) Certification of Principal Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act 2002
- [31.2](#) Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act 2002
- [32.1](#) Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act 2002
- [32.2](#) Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act 2002
- 101* Interactive Data Files of Financial Statements and Notes.

* In accordance with Regulation S-T, the Interactive Data Files in Exhibit 101 to the Quarterly Report on Form 10-Q shall be deemed "furnished" and not "filed".

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

January 14, 2013

REPRO-MED SYSTEMS, INC.

/s/ Andrew I. Sealfon

Andrew I. Sealfon, President, Chairman of the Board, Director,
Principal Executive Officer

January 14, 2013

/s/ Michael R. Boscher

Michael R. Boscher, Treasurer and Chief Financial Officer

EXHIBIT 31.1

RULE 13A-14(A) / 15D-14(A) CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Andrew I. Sealfon, certify that:

- 1) I have reviewed Form 10-Q of Repro-Med Systems, Inc. (the "Report");
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over Financial Reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 14, 2013

/s/ Andrew I. Sealfon
Andrew I. Sealfon
Principal Executive Officer

EXHIBIT 31.2

RULE 13A-14(A) / 15D-14(A) CERTIFICATION OF TREASURER / CHIEF FINANCIAL OFFICER

I, Michael R. Boscher, certify that:

- 1) I have reviewed Form 10-Q of Repro-Med Systems, Inc. (the "Report");
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over Financial Reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 14, 2013

/s/ Michael R. Boscher

Michael R. Boscher

Treasurer and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADDED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Repro-Med Systems, Inc. (the "Company") on Form 10-Q (the "Report") for the period ending November 30, 2012 as filed with the Securities and Exchange Commission, I, Andrew I. Sealfon, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in this report.

Date: January 14, 2013

/s/ Andrew I. Sealfon

Andrew I. Sealfon

Principal Executive Officer

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADDED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Repro-Med Systems, Inc. (the "Company") on Form 10-Q (the "Report") for the period ending November 30, 2012 as filed with the Securities and Exchange Commission, I, Michael R. Boscher, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in this report.

Date: January 14, 2013

/s/ Michael R. Boscher

Michael R. Boscher

Treasurer and Chief Financial Officer

**NATURE OF
OPERATIONS AND
SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES
(Details) (USD \$)**

1 Months Ended	3 Months Ended		9 Months Ended	
Jul. 31, 2012	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011

**NATURE OF OPERATIONS AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES [Abstract]**

<u>Shares authorized for issuance</u>	1,465,000			
<u>Shares authorized for issuance, per share</u>	\$ 0.18			
<u>Shares authorized for issuance, period restriction, minimum</u>	1 year			
<u>Shares authorized for issuance, period restriction, maximum</u>	2 years			
<u>Amortization of deferred compensation cost</u>		\$	\$	
		40,050	40,050	
<u>Inventory of certain assemblies off site</u>	292,000		292,000	
<u>Aircraft lease expense</u>	\$ 5,375	\$ 5,375	\$	\$
			16,125	16,125

**BALANCE SHEETS (USD
\$)**

**Nov. 30, Feb. 29,
2012 2012**

CURRENT ASSETS:

<u>Cash and cash equivalents</u>	\$	\$
	1,682,341	1,757,223
<u>Certificates of deposit</u>	255,624	255,228
<u>Accounts receivable less allowance for doubtful accounts of \$23,706 and \$17,718 for November 30, 2012 and February 29, 2012 respectively</u>	1,187,961	884,727
<u>Inventory</u>	1,170,220	1,167,456
<u>Prepaid expenses</u>	115,046	188,902
<u>Total Current Assets</u>	4,411,192	4,253,536

PROPERTY & EQUIPMENT, net

912,162 498,940

OTHER ASSETS:

<u>Patents, net of accumulated amortization of \$110,956 and \$107,640 at November 30, 2012 and February 29, 2012, respectively</u>	22,197	24,513
<u>Other assets</u>	55,969	28,156
<u>Total Other Assets</u>	78,166	52,669
<u>TOTAL ASSETS</u>	5,401,520	4,805,145

CURRENT LIABILITIES

<u>Note payable - current portion</u>	2,008	2,077
<u>Notes payable to related parties - current portion</u>	43,318	41,417
<u>Deferred capital gain - current portion</u>	22,481	22,481
<u>Accounts payable</u>	203,458	199,527
<u>Accrued expenses</u>	155,331	153,800
<u>Accrued payroll and related taxes</u>	32,883	41,551
<u>Accrued tax liability</u>	210,256	98,000
<u>Total Current Liabilities</u>	669,735	558,853

OTHER LIABILITIES

<u>Note payable - less current portion</u>		1,474
<u>Notes payable to related parties - less current portion</u>	405,102	437,832
<u>Deferred capital gain less current portion</u>	118,035	134,895
<u>Deferred tax liability</u>	121,363	121,363
<u>Total Other Liabilities</u>	644,500	695,564
<u>TOTAL LIABILITIES</u>	1,314,235	1,254,417

STOCKHOLDERS' EQUITY

<u>Common stock, \$0.01 par value, 50,000,000 shares authorized and 38,936,667 and 37,471,667 shares issued.; 36,661,667 and 35,196,667 shares outstanding at November 30, 2012 and February 29, 2012, respectively.</u>	389,367	374,717
<u>Additional paid-in Capital</u>	3,512,294	3,263,244
<u>Retained earnings</u>	551,274	54,767
<u>Total Stockholders' Equity before Treasury Stock</u>	4,452,935	3,692,728
<u>Less: Treasury stock, 2,275,000 shares at cost at November 30, 2012 and February 29, 2012</u>	(142,000)	(142,000)
<u>Less: Deferred compensation cost</u>	(223,650)	
<u>Total Stockholders' Equity</u>	4,087,285	3,550,728

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 5,401,520 \$ 4,805,145

**NATURE OF
OPERATIONS AND
SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES**

9 Months Ended

Nov. 30, 2012

**NATURE OF
OPERATIONS AND
SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES**

[Abstract]

**NATURE OF OPERATIONS
AND SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES**

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE NATURE OF OPERATIONS

Repro-Med Systems, Inc. (the "Company") designs, manufactures, and markets proprietary medical devices primarily for the ambulatory infusion market and emergency medical applications. The FDA regulates these products.

BASIS OF PRESENTATION

The accompanying unaudited financial statements as of November 30, 2012 have been prepared in accordance with generally accepted accounting principles in accordance with instructions to regulation S-X. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial presentation.

In the opinion of the Company's management, the financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the Company's financial position as of November 30, 2012 and the results of operations and cash flow for the three-month and nine month periods ended November 30, 2012 and 2011.

The results of operations for the three months and nine months ended November 30, 2012 and 2011 are not necessarily indicative of the results to be expected for the full year. These interim financial statements should be read in conjunction with the financial statements and notes thereto of the Company and management's discussion and analysis of financial condition and results of operations included in the Company's Annual Report for the year ended February 29, 2012, as filed with the Securities and Exchange Commission on Form 10-K.

EMPLOYEE STOCK AWARDS

In July 2012, 1,465,000 shares were authorized to issue to employees as share compensation valued at \$0.18 per share, the market value on the date of the board authorization. The value of these shares will be amortized into operations over the one to two year restriction on the shares. Amortization amounted to \$40,050 for the three-months ended November 30, 2012.

INVENTORIES

Our inventory includes \$292,000 of certain subassemblies which did not meet our specifications and were rejected by us and returned to the vendor for correction or replacement.

USE OF ESTIMATES IN THE FINANCIAL STATEMENTS

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Important estimates include but are not limited to, asset lives, valuation allowances, inventory, and accruals.

SUBSEQUENT EVENTS EVALUATION

The Company has evaluated subsequent events through January 14, 2013, the date on which the financial statements were issued.

EMERGING ACCOUNTING STANDARDS

Management does not believe that any of the standards adopted by the Financial Accounting Standards Board that have been adopted but are not yet effective will have a material effect on the Company's financial reporting.

LEASED AIRCRAFT

The Company leases an aircraft from a Company controlled by the president. The lease payments aggregated were \$5,375 for the three-months ended November 30, 2012 and 2011 and \$16,125 for the nine months ended November 30, 2012 and November 30, 2011. The original lease agreement has expired and the Company is currently on a month-to-month basis for rental payments.

**NATURE OF
OPERATIONS AND
SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES
(Policy)**

9 Months Ended

Nov. 30, 2012

**NATURE OF
OPERATIONS AND
SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES**

[Abstract]

**THE NATURE OF
OPERATIONS**

THE NATURE OF OPERATIONS

Repro-Med Systems, Inc. (the "Company") designs, manufactures, and markets proprietary medical devices primarily for the ambulatory infusion market and emergency medical applications. The FDA regulates these products.

BASIS OF PRESENTATION

BASIS OF PRESENTATION

The accompanying unaudited financial statements as of November 30, 2012 have been prepared in accordance with generally accepted accounting principles in accordance with instructions to regulation S-X. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial presentation.

In the opinion of the Company's management, the financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the Company's financial position as of November 30, 2012 and the results of operations and cash flow for the three-month and nine month periods ended November 30, 2012 and 2011.

The results of operations for the three months and nine months ended November 30, 2012 and 2011 are not necessarily indicative of the results to be expected for the full year. These interim financial statements should be read in conjunction with the financial statements and notes thereto of the Company and management's discussion and analysis of financial condition and results of operations included in the Company's Annual Report for the year ended February 29, 2012, as filed with the Securities and Exchange Commission on Form 10-K.

**EMPLOYEE STOCK
AWARDS**

EMPLOYEE STOCK AWARDS

In July 2012, 1,465,000 shares were authorized to issue to employees as share compensation valued at \$0.18 per share, the market value on the date of the board authorization. The value of these shares will be amortized into operations over the one to two year restriction on the shares. Amortization amounted to \$40,050 for the three-months ended November 30, 2012.

INVENTORIES

INVENTORIES

Our inventory includes \$292,000 of certain subassemblies which did not meet our specifications and were rejected by us and returned to the vendor for correction or replacement.

**USE OF ESTIMATES IN
THE FINANCIAL
STATEMENTS**

USE OF ESTIMATES IN THE FINANCIAL STATEMENTS

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Important estimates include but are not limited to, asset lives, valuation allowances, inventory, and accruals.

**SUBSEQUENT EVENTS
EVALUATION**

SUBSEQUENT EVENTS EVALUATION

The Company has evaluated subsequent events through January 14, 2013, the date on which the financial statements were issued.

LEASED AIRCRAFT

LEASED AIRCRAFT

The Company leases an aircraft from a Company controlled by the president. The lease payments aggregated were \$5,375 for the three-months ended November 30, 2012 and 2011 and \$16,125 for the nine months ended November 30, 2012 and November 30, 2011. The original lease agreement has expired and the Company is currently on a month-to-month basis for rental payments.

BALANCE SHEETS
(PARENTHETICAL) (USD
)

Nov. 30, 2012 Feb. 29, 2012

BALANCE SHEETS [Abstract]

<u>Accounts receivable, allowance for doubtful accounts</u>	\$ 23,706	\$ 17,718
<u>Patents, accumulated amortization</u>	\$ 110,956	\$ 107,640
<u>Common Stock, par value per share</u>	\$ 0.01	\$ 0.01
<u>Common Stock, shares authorized</u>	50,000,000	50,000,000
<u>Common Stock, shares issued</u>	38,936,667	37,471,667
<u>Common Stock, shares outstanding</u>	36,661,667	35,196,667
<u>Treasury Stock, shares</u>	2,275,000	2,275,000

**Document and Entity
Information**

**9 Months Ended
Nov. 30, 2012**

Jan. 14, 2013

[Document and Entity Information \[Abstract\]](#)

<u>Document Type</u>	10-Q	
<u>Amendment Flag</u>	false	
<u>Document Period End Date</u>	Nov. 30, 2012	
<u>Entity Registrant Name</u>	REPRO MED SYSTEMS INC	
<u>Entity Central Index Key</u>	0000704440	
<u>Current Fiscal Year End Date</u>	--02-28	
<u>Document Fiscal Year Focus</u>	2012	
<u>Document Fiscal Period Focus</u>	Q3	
<u>Entity Filer Category</u>	Smaller Reporting Company	
<u>Entity Common Stock, Shares Outstanding</u>		36,661,667

**STATEMENTS OF
OPERATIONS
(UNAUDITED) (USD \$)**

**3 Months Ended 9 Months Ended
Nov. 30, Nov. 30, Nov. 30, Nov. 30,
2012 2011 2012 2011**

STATEMENTS OF OPERATIONS (UNAUDITED) [Abstract]

<u>NET SALES</u>	\$	\$	\$	\$
	2,070,409	1,501,282	5,766,182	4,357,469
<u>Cost and Expenses</u>				
<u>Cost of goods sold</u>	782,900	589,390	2,086,497	1,622,639
<u>Selling, general and administrative</u>	1,112,727	631,976	2,657,929	1,875,092
<u>Research and development</u>	36,062	26,606	111,452	49,302
<u>Depreciation and amortization</u>	51,329	27,113	134,799	73,391
<u>Total Costs and Expenses</u>	1,983,018	1,275,085	4,990,677	3,620,424
<u>Net Operating Profit</u>	87,391	226,197	775,505	737,045
<u>Other Income/(Expenses)</u>				
<u>Gain (Loss) Currency Exchange</u>	1,465	1,238	(5,120)	12,504
<u>Interest Expense</u>	(7,105)	(8,200)	(21,491)	(24,099)
<u>Interest and Other Income</u>	2,730	90,181	5,662	120,523
<u>Total Other Income/(Expense)</u>	(2,910)	83,219	(20,949)	108,928
<u>NET PROFIT BEFORE TAXES</u>	84,481	309,416	754,556	845,973
<u>Provision for Income Taxes</u>	(28,957)	(127,169)	(258,049)	(347,694)
<u>Net Income</u>	\$ 55,524	\$ 182,247	\$ 496,507	\$ 498,279
<u>NET INCOME PER SHARE</u>				
<u>Basic</u>	\$ 0.0	\$ 0.0	\$ 0.01	\$ 0.01
<u>Diluted</u>	\$ 0.0	\$ 0.0	\$ 0.01	\$ 0.01
<u>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</u>				
<u>Basic</u>	36,611,667	38,602,667	35,798,649	37,343,845
<u>Diluted</u>	36,661,667	38,698,821	35,831,717	38,446,984

**STATEMENTS OF CASH
FLOWS (UNAUDITED)
(USD \$)**

**9 Months Ended
Nov. 30, 2012 Nov. 30, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

Net income \$ 496,507 \$ 498,279

Adjustments to reconcile net income to net cash from operating activities:

Amortization of deferred compensation cost 40,050

Depreciation and amortization 134,799 73,391

Deferred capital gain - building lease (16,860) (16,860)

Changes in operating assets and liabilities:

Increase in accounts receivable (303,234) (164,257)

Increase in inventory (2,764) (393,726)

Decrease (Increase) in prepaid expense 73,856 (29,811)

Increase in other assets (27,813)

Decrease in deferred tax asset 80,799

Increase in accounts payable 3,931 151,638

(Decrease) Increase in accrued payroll and related taxes (8,668) 397

Increase in accrued expense 1,531 58,464

Increase in accrued tax liability 112,256

NET CASH PROVIDED BY OPERATING ACTIVITIES 503,591 258,314

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for property and equipment (544,705) (203,407)

Payments for patents (1,000)

Purchase of certificates of deposit (396) (101,533)

NET CASH USED IN INVESTING ACTIVITIES (546,101) (304,940)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issuing common stock 121,500

Payments to note payable to related parties (30,829) (29,038)

Payments on notes payable (1,543) (1,433)

Excess tax benefits from share-based payment arrangements 198,951

NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES (32,372) 289,980

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (74,882) 243,354

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD 1,757,223

CASH AND CASH EQUIVALENTS, END OF PERIOD 1,682,341

Cash paid during the period for:

Interest 21,491 24,099

Taxes 145,793 67,944

Non Cash Activities:

Deferred compensation cost \$ 263,700